

## **Governor O'Malley Announces \$1.2 Billion for Highway and Transit Projects**

### **New Transportation Dollars**

- The Transportation Act (HB 1515) developed by the Governor and legislative leadership, and modified by the House of Delegates, generates an average of \$800 million annually at full implementation.
- It creates an additional transportation investment of \$4.4 billion over the next six years (FY 2014–FY 2019) for the Maryland Department of Transportation (MDOT), and it supports more than 57,200 jobs.

### **\$1.2 Billion for 10 Highway and Transit Projects Across the State**

1. \$82 M for construction - US 15/Monocacy Boulevard Interchange in Frederick County/Western Maryland
2. \$125 M for construction - I-270/Watkins Mill Road Interchange in Montgomery County
3. \$100 M for construction - MD 210 at Kerby Hill Road/Livingston Road Interchange in Prince George's County
4. \$20 M for design - New Thomas Johnson Bridge in Calvert and St. Mary's counties/Southern Maryland
5. \$100 M for MARC Enhancements (Penn-weekend service, Camden-weekday 2 new roundtrips, New locomotives) – Balt./D.C.
6. \$60 M for construction - I-695 Leeds Avenue Interchange reconstruction and bridge replacement in Baltimore County
7. \$49 M for construction - US 29 northbound widening to three lanes from Seneca Drive to MD 175 in Howard County
8. \$44 M for construction - Aberdeen Proving Ground BRAC Intersection Improvement in Harford County
9. \$54 M for construction - US 301/MD 304 Interchange in Queen Anne's County/Eastern Shore
10. Transit Funding for Final Design (Red Line \$170M, Purple Line \$280M, Corridor Cities Transitway \$100M) – Balt./D.C.

### **Indexing the Gas Tax / Transit Fares\***

**\*Note: For illustrative purposes to show impact of the Transportation Act, these examples assume a constant gas price of \$3.56 per gallon – the average price in FY 2013.**

- Effective July 1, 2013:
  - Index the current 23.5-cent-per-gallon state gasoline tax to the Consumer Price Index (CPI) to adjust for inflation, but also limit the index increase to the gas tax rate so that it cannot exceed 8% a year.
  - Apply 1% of the state sales tax on the price of gasoline (before federal and state taxes).
  - Requires MDOT to conduct two studies and report back to the Governor and the General Assembly:
    - Study the effects of indexing. Report due by January 1, 2019.
    - Study implementing a voucher program to provide free or reduced transit fares for individuals whose household income does not exceed 125% of the federal poverty guidelines. Report due by December 31, 2013.
  - Impact at Pump: 4 cent increase from \$3.56 per gallon to \$3.60 per gallon
- Effective July 1, 2014:
  - State Treasury to issue General Obligation Bonds for federally required environmental improvements undertaken by the State Highway Administration (SHA).
  - Index transit fares charged by the Maryland Transit Administration (MTA) to the CPI (bus, light rail, metro subway, commuter bus and MARC rail service).
  - The legislation also sets forth periodic CPI adjustments for bus, light rail and metro fares every two years, and commuter bus and MARC rail service every five years.
  - Impact on Fares: One-way fare for bus, light rail and metro subway to increase 10 cents to \$1.70 from the current \$1.60. One-way fare for commuter bus and MARC rail service to increase \$1.00.
- Effective January 1, 2015:
  - Increase to 2% the state sales tax applied to the price of gasoline (before federal and state taxes).
  - Impact at Pump: 4 cent increase from \$3.60 per gallon to \$3.64 per gallon
- Effective July 1, 2015:
  - Increase to 3% the state sales tax applied to the price of gasoline (before federal and state taxes).
  - Impact at Pump: 4 cent increase from \$3.64 per gallon to \$3.68 per gallon
- Effective January 1, 2016:
  - State transportation to receive revenue generated by implementation of the federal Marketplace Fairness Act (provided passage by Congress - enables states to require internet sellers to collect sales taxes.)  
STATUS: The U.S. Senate passed the Marketplace Fairness Act on May 6. It is now pending before the House.
  - If federal act doesn't pass, the 3% state sales tax on gasoline increases to 4%, resulting in an additional 4 cent increase.
- Effective July 1, 2016:
  - If federal act doesn't pass, the 4% state sales tax on gasoline increases to 5%, resulting in an additional 3.5 cent increase.

### **Gas Prices on the Decline**

- AAA recently put out a report stating the average gas prices are down 20 cents statewide and down 22 cents in Baltimore City in the last month alone. Since a year ago, average gas prices are down about 45 cents statewide and in Baltimore City.
- Bucking normal trends of rising gas prices in the spring and summer, AAA predicts gas prices will go even lower this summer.